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C O N F I D E N T I A L MANAMA 001390

SIPDIS

STATE FOR NEA/ARPI

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TAGS: [PGOV](#) [PREL](#) [ELAB](#) [ECON](#) [BA](#)

SUBJECT: CROWN PRINCE DISCUSSES PLANNED LABOR REFORM
INITIATIVE

Classified by Ambassador William T. Monroe for reasons 1.4
(b) and (d).

1. (C) During the Ambassador's September 5 introductory call on Crown Prince Salman bin Hamad Al Khalifa (septel), the CP said that his office was organizing a national debate on labor law reforms. The initiative stems from Bahrain's desire to move away from an economy based upon a low cost labor model to a high skills, and later an information management-based economy, along the lines of Singapore.

2. (C) The CP said that the expected reforms would be huge and controversial. Currently, a foreign worker received a work permit tied to a specific employer, and the worker has no legal status outside of his/her employment. This has led to low wages and difficult working conditions. Additionally, employers would rather hire a foreigner than a Bahraini, who would demand better pay and conditions.

3. (C) The CP said that the reforms would remove the link between the foreign worker and a single employer and he/she would have the right to seek any employment in the country as long as either the worker or his/her employer pays a monthly fee of \$250 to keep the work permit valid. Thus the differential between the cost of a foreign worker and a Bahraini worker would decrease and employers would have an incentive to invest in the skills of their employees through training to boost retention. The CP argued that the market would control the demand for foreign labor rather than a regulation from the government in the form of a mandatory "Bahrainization" campaign. He noted that the new rules would apply to household help - maids, nannies, housekeepers - as well as other types of workers.

4. (C) The Crown Prince explained that the national debate would be launched on September 23 and would continue through Ramadan, which ends in mid-November. At the end of November, there will be a concluding conference with the participation of politicians, political societies, ministers, labor representatives, and international experts. The conference will produce a draft labor law that will be reviewed by the Cabinet and forwarded to the parliament. He noted that his office will guide this process from behind the scenes, but the Economic Development Board will be the public face. He hoped that future Bahraini success in the labor field could serve as a model for other regional countries, such as Saudi Arabia, which also host large communities of foreign workers.

MONROE